

THE RELATIONAL RELATIONSHIP BETWEEN INTELLECTUAL CAPITAL AND ORGANIZATIONAL PERFORMANCE (Study On Local Government Devices Unit In Fak Fak Regency of West Papua Province)

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ABSTRACT

Intellectual capital is an economic resource that can be used to improve and increase the capacity of its resources to support improving the performance on Fak-Fak Regency. Intellectual capital consists of human capital, structural capital, relational capital, process capital, organizational capital and innovation capital. The purpose of this study is to explain and analyze the effect of human capital on organizational performance, explaining and analyzing structural capital as mediating the influence to human capital on organizational performance, explaining and analyzing relational capital as mediating the influence of human capital on organizational performance, explaining and analyzing process capital as mediating the influence of human capital on organizational performance, explaining and analyzing organizational capital as mediating the influence of human capital on organizational performance, and explains and analyzes the capital of innovation as mediating the influence of human capital on organizational performance. The population of this research is SKPD leadership at Fak-Fak Regency government. Elements of leadership taken as a sample are SKPD leaders, SKPD secretaries, and SKPD Treasurer with a total of 90 personnel. The analysis in this research is Partial Least Square (PLS). The result of the research shows that human capital has significant effect on organizational performance, with structural capital, process capital, acting as mediation, while relational capital, organizational capital, and innovation capital do not act as mediation influence of human capital on organizational performance.

Keywords: Intellectual capital, organizational capital, organizational performance.

INTRODUCTION

Civil Servants (PNS), both central civil servants and regional civil servants are the most important pillars in the implementation of governmental and developmental tasks, in addition to institutional (organizational) and management (mechanism / procedure) pillars. Quoting the statement of Setia Budi (2007), Civil Servants (PNS) have a low level of professionalism, service ability is not optimal, low reliability, assurance, tangibility, empathy and responsiveness. It also does not have the level of integrity as a government employee, so it does not have emotional connectivity with agencies and tasks, which are not related to the level of education, achievement, productivity and employee discipline. This is strengthened by the Minister of Administrative Reform, Azwar Abubakar (2013), which states that the government's efforts to do the guidance of State apparatus need hard work, an article, the quality of human resources apparatus is still consideration very low and far from expectations. From 4,572,113 civil servants, the capability index is still very low.

The measurement of government performance (organizational performance), it is central government, provincial or district / city government becomes a very important issue for stakeholders. The phenomenon of weak government performance today, demanding the state organizers can improve performance. Some efforts to improve the performance of resources for the government apparatus of good quality, in order to be able to mobilize all resources owned by the state to generate high economic growth and achieve prosperous society, including at the level / level of district / city government. In the current era of globalization, the demands and expectations of the community as stakeholders that at any time assess the performance of the government, (Vice President of RI, 2015). Every government agency should conduct to seven (7) steps in the development of performance management, such as focus on the targets set in the RPJMN 2015 - 2019 (Menpan, 2015). The selection of appropriate strategies, the decomposition of national targets into more operational targets, but it must remain consistent with national targets. Operational targets must be measurable in order to monitor the results of their achievement, the determination of appropriate activities to achieve targets as well as monitoring the implementation of activities, and evaluation periodically.

In 2014 the Minister of Home Affairs, with the Decree of the Minister of Home Affairs of the Republic of Indonesia Number 120-4761 are establishes the rank and status of the performance for local governance nationally in 2013. The results of the performance evaluation for the government on 5 (five) provincial and 44 district / city governments, such as East Java Province, Central Java Province, Special Region of Yogyakarta Province, Riau Islands Province and West Java Province, for Provincial Government which get very high predicate only achieved by East Java Provincial Government. At the district, government level of 383 which received a very high predicate 52 equivalent districts of 13.58 percent, 218 or 56.92 percent of equivalents with high category, for medium category as many as 93 districts or equivalent 24.28 percent and local governments who get very predicate low as much as 20 or equivalent 5.33 percent.

For the performance reports for local administration of Fak-Fak Regency nationally got a score 1.8982. Obtaining the score

indicates that the current rating obtained by the Fak-Fak Regency government is still in the medium criterion. Achievement Performance reports on the current administration for the existing district of Fak-Fak show that intellectual capital owned is still not fully provide support in organizing good governance and development. This is consistent with the statement of Klein and Prusak (1994), Kong and Prior (2008), that intellectual capital can generate higher assets and competitive advantages for the organization, so the intellectual capital can produce performance for the organization. Based on that opinion, the Fak-Fak Regency Government can also improve the performance of local government administration, public service, increase economic growth, increase investment and fiscal area (report of local government), by utilizing intellectual capital owned by this time.

Sawarjuwono and Kadir (2003), argued that globalization, technological innovation and competition force organizations to manage organizations well to have an excellence and can increase their current capacity. Pomedea et al. (2002), argues that in anticipation of these developments policymakers look for methods and tools to acquire new management approaches, which is generally correspond to the latest developments related to business management.

Intellectual Capital is an intangible asset owned by any organization that can improve the performance of the organization, in order to maintain the sustainability of an organization through the creation of competitiveness or organizational excellence. Amidon (2002), intellectual capital is wealth as a new economic resource. Chatzkel (2002), argues that intellectual capital in a managerial perspective is a knowledge, applied experience, organizational technology, relationships, and professional skills that produce a competitive advantage for the organization.

The study of the relationship between intellectual capital and organizational performance has been empirically verified by some researchers, but the outcome remains debatable.

The first study conducted by Bontis et al. (2000) developed three components of intellectual capital, such as: 1) human capital, 2) customer capital, 3) structural capital to the performance of industrial sector organizations in Malaysia. Human capital is a core element of intellectual capital, and this study wants to know the influence of human capital with the business performance of various types of industries, both service industries and non-service industries. The result of the research shows that for the service industry, the relationship between human capital and structural capital is not significant, while for non-service industry, human capital with significant structural capital, and structural capital relationship with significant for business performance as well as non service industries.

Second, Wang and Chang (2005), conducted an empirical study by developing 4 (four) elements of intellectual capital consisting of: 1) human capital, 2) innovation capital, 3) process capital, and 4) customer capital. The findings indicate that some elements of intellectual capital directly affect to business performance, with the exception of human capital. Human capital indirectly affects to business performance through three elements of intellectual capital: capital of innovation, process capital and customer capital.

Third, In the Hospitality Services Industry sector Engström et al. (2003) evaluated the intellectual capital of the hospitality services industry in 13 hotels in Norway, so, the study of three elements of intellectual capital such as: 1) human capital, 2) customer capital and 3) structural capital, on the performance of business organizations. The results of the study found a relationship between the three components of intellectual capital, but the results showed that the relationship between human capital with structural capital, stronger than human capital with customer or customer capital with capital structure.

Fourth, Mandatianos, et al. (2009), conducting empirical studies by developing 4 (four) intellectual capital consisting of: 1) human capital, 2) structural capital, 3) customer capital, and 4) innovation capital as well as connecting with business performance on the stock exchange in Athens. The result is a positive relationship between human capital and customer capital for manufacturing and service industries. This relationship is one of the strongest in the overall model for both types of industries. Likewise human capital also proves there is a positive relationship with structural capital for both types of industries, with almost identical values. This means that non-service industries and services some ability to transform employee knowledge into a deep-rooted knowledge of the capital structure. In the service industry, the relationship between customer capital and structural capital is lower when compared with non service industry.

Fifth, for research in higher education, Secundo et al. (2010), develop intellectual capital (IC) with three dimensions of human capital, organizational capital, and relational capital on the performance of lecturers. The results of his research indicate the relationship and interaction between IC components such as human capital, organizational capital, and relational capital. Furthermore, the results of these studies indicate that human capital and organizational capital related in improving the performance of the lecturers, there is a positive relationship between relational capital and organizational capital.

Some researchers who examine the influence of intellectual capital on organizational performance generally argue that human capital has an impact on organizational performance, as did Kamukama et al. (2010), Mention and Bontis (2013), Komnenic and Pokrajcic (2012), Ongkorahardjo et al. (2008). Some researchers conducted an intellectual capital assessment for the relationship of human capital with structural capital and organizational capital (Cohen and Kaimenakis, 2007), Manditanos et al. (2009), Cabrita and Bontis (2008)]. In this case, there is some researchers that have relationship between human capital and relational capital such as Bontis et al. (2000), Shih et al. (2010), Jardon and Martos (2012), Cabrita and Bontis (2008), Mentions and Bontis (2013). The relationship between human capital with innovative capital, process capital and structural capital is done by Wang and Chang (2005), St-Pierre and Audet (2011), Manditanos et al. (2009), Jardon and Martos (2009), Chen et al. (2004).

Furthermore, some researchers who examine the effect of structural capital on organizational performance are performed by

Clarke et al. (2011), Ulum (2009), Al Amin (2012), Cabrita and Bontis (2008). Relational capital relations with performance performed by Cabrita and Bontis (2008). Wang and Chang (2005). The organizational capital relationship with organizational performance was developed by Black and Lync (2005), Jardon and Martos (2012), Tronconi and Marzett (2011). The relationship between process capital and organizational performance is by Wang and Chang (2005). The relationship between innovation capital and organizational performance was performed by Wang and Chang (2005), Huang and Liu (2005).

Based on the research gap as well as the search of various studies connecting all elements between intellectual capital and organizational performance, this research focuses more on developing Wang and Chang models by adding 3 other elements of intellectual capital derived from 3 researchers (Cohen and Kaimakemis 2007, Mention and Bontis 2013 and Maditinos et al., 2009) such as the elements of capital structure, relational capital, and organizational capital. Thus, this research is expected to explain the problem of inconsistent result on relationship between human capital and organizational performance by positioning 5 other intellectual capital element as mediation variable.

The latest research is to study holistic relationships in a unified single model of intellectual capital relations between human capital, structural capital, relational capital, process capital, organizational capital, and innovation capital with organizational performance.

THEORITICAL

Intellectual Capital

Bounfour and Edvinsson (2005), said that intellectual capital is a value in companies, organizations, and directly related to the knowledge of individuals. Amir Fazlagic (2013), states an intellectual capital is not only seen from the angle of employees, but also intellectual capital is seen from the corner of structural capital is intangible. Lonquist and Mettanen (2005) defined that intellectual capital as follows: 1) it is invisible; 2) Closely related to the knowledge and experience of employees and customers and technology of the organization; 3) offer a better opportunity for an organization in the future success. Chatzkel (2002) defined that intellectual capital from a managerial perspective: knowledge, applied experience, organizational technology, relationships and competitive professional skills in the labor market. The interaction of intellectual capital to the environment with the organization is described as follows (Figure 2.1).



Figure 1: Intellectual Capital Interaction on Environment and Organization (Alwert et al., 2004).

Human Capital

Helmut et al. (2006), human capital is the knowledge and nature of individuals in the work, such as intelligence, energy, job satisfaction, learning ability, creativity, motivation, and collaboration skills. Human capital is one of the important capital for the company, because it is a source of innovation and renewal of strategy, re-engineering process, and source of dream of company (Juwita and Anggraeni, 2007). The company is consists of individuals who work together to achieve goals. The organization will not work if there are no individuals in it. Human capital has an important role for the organization to run in accordance with the intended purpose.

Kwon (2009), argued that human capital has meaning in its activities, such as:

1. The success for an organization depends on human capital, which is mostly on people with higher levels of competence, people become valuable assets for the organization;
2. In an economic perspective, human capital is the factor of production used to make goods or services;
3. Humans are subject to taking over all economic activities such as production, consumption, and transactions;
4. Human capital is one element of production that can generate value-added companies.

Structural Capital

Structural capital is hardware, software, databases, organizational structures, patents, trademarks, and all organizational capabilities that support the employee productivity (Edvinsson and Malone, 1997). Structural capital is the embodiment, empowerment that supports the human capital infrastructure, including organizational capacity, the system used to transmit and store intellectual data (Chatzkel, 2002). Chen et al. (2004), said that structural capital is related to the mechanism and structure of the company that can assist some employees in achieving optimal performance, and overall to achieve business performance. Based on the definition, it can be interpreted that the capital structure is a mechanism and organizational structure to support the resources owned to generate productivity and achieve overall performance.

Jardon and Martos (2009), measuring that structural capital based on product, process and system improvements and product quality improvements. Libowitz and Suen (2000), measuring that structural capital based on administrative and IT investment expenses. Roos et al. (1998), developed indicators to measure capital structure, which is the cost of administration. Based on the indicators put forward by Pablos (2003), Jardon and Martos (2009), Libowitz and Suen (2000), Roos et al. (1998), and conditions that exist in the governmental organization of Fak-Fak Regency, the capital structure indicators used in this study are include:

1. Administrative Expenses;
2. IT Equipment;
3. Administrative process;
4. Information systems;
5. Improvement Quality.

Relational Capital

Roos et al. (2001), argued that relational capital represents all is valuable in relation to customers, suppliers, and other relevant stakeholders. Jardon and Martos (2012), explains that indicators of relational capital are include:

1. An attitude of cooperation between the company and its partner;
2. Distribution networks;
3. Image in cooperation;
4. Types of distribution channels;
5. Direct customer relationships;
6. Customer types;
7. Provider type

Based on opinions expressed by Jardon and Martos (2009, 2012), St-Pierre and Audet (2011), relating to appropriateness of implementation for local governance, the relational capital indicator in this study is measured by the following indicators such as:

1. The relationship between government and indigenous peoples;
2. Government relations with DPRD;
3. Relations between agencies;
4. Attention to society; and
5. Follow up of communities complaint.

Process Capital

Process capital is one of the company's strategies that aims to ensure the company can generate profits continuously through services or products that always meet customer needs. To ensure the resources within the company in order to be able to produce the product or service, it is necessary process management or process capital. Fiz-enz (2009), suggests that there are 4 categories in the process capital, such as:

1. Acquisition Process, is a process undertaken by the company to ensure the implementation of business strategy, the company always has the required competencies, both in quantity and quality. In this process, it is designed and implemented several systems, especially human wealth planning systems, assessment systems, and succession systems.
2. Development Process, is a process undertaken by the company to ensure that all human wealth already in place, the opportunity to develop a highest competencies. In this process, it is designed and implemented several systems, especially learning and development systems and leadership development systems.
3. Engagement Process is a process undertaken by a company to ensure that its human wealth, especially those with high competence and performance, has a high attachment to the company. In this process, the design and implementation of several systems, especially industrial relations systems and employment relationships.
4. Retention Process is a process undertaken by the company to ensure that all the awards given by the company can be managed with the specific competencies required by the company and maintain the performance of each individual within the company. In this process, it is designed and implemented several systems, such as reward system and performance management system.

Organization Capital

Organizational capital is an enterprise investment in systems, operational philosophy, with suppliers and distribution channels systematically based on their own competencies and systems for enhancing capabilities (Chatzkel, 2002).

Organizational effectiveness can be measured using several approaches, Daft (2010), suggests organizational effectiveness based on several components, such as:

1. The goal attainment approach suggests that organizational effectiveness is judged by achievement or outcome. For example, productivity can be measured based on output divided by input, and so forth. In this approach, commonly used measures are include profitability, growth, market share, and also social responsibility.
2. The system approach emphasizes long-term goals by taking into account the interactions between the organization and its environment or the emphasis is not only on the final result, but also the target is taken into account. For example, the input output (O / I) in a hospital is measured by the ratio between the number of patients healed and the total number of patients.
3. Stakeholder approach emphasizes to the satisfaction of constituents in an environment. In this case, the intended constituents are include suppliers, customers, owners, employees, shareholders, etc.
4. The internal process approach is measures on health of the organization's internal condition. The size indicators are team spirit index, trust index, knowledge sharing index, and others.
5. A competing value approach emphasizes one's subjective judgment on the organization. This approach is more widely used to diagnose organizational culture, but many companies use it as a means of measuring organizational effectiveness.

Innovation Capital

Edvinsson and Malone (1997), describe that the capital of innovation as the company's renewal capability in the form of intellectual property and other intangible assets used to create and introduce new products and services to the market. The innovation capital is not only from Edvinsson and Malone's approach, but also adds new concepts in learning, organizational culture, technology and network that are very important in new products / services in the development process (Kijek, 2012).

Elements of capital innovation by Kijek (2012) are consists of 4 indicators, as follows:

1. Innovation Strategies related to the company's strategic choices that make about choosing the type of innovation, fits the company's best goals and resource allocation for different types of innovation.
2. The Culture of Innovation is a mix of attitudes related to innovation, experience, confidence, and values of employees. Culture Innovation is able to integrate functions and stimulate innovation activities.
3. The Innovation structure encompasses both organizational innovation processes such as roles, responsibilities, steps, and how employees engage in innovation groups.
4. Technology and non-technology knowledgement owned by employees involved in the innovation process. The provision of knowledge can be enhanced by learning internally and externally in organizations. Internal learning refers to the creation of new knowledge within the firm, while external learning is concerned with the integration of knowledge from outside the company.

Organization Performance

Carton and Hofer (2006) said that in the context of the performance of financial organizations, performance is a measure to changes in the financial state on the organization, or the financial results resulting from management decisions and the implementation of those decisions by members of the organization. Performance management by Kaplan and Norton, (1996) is based on three distinct areas and reflects the balanced scorecard, which is customer performance, team performance and shareholder performance.

Salim and Woodward (1992), suggested that the performance indicators such as economy, efficiency, effectiveness, and equity. Furthermore, the indicators are described as follows:

1. Economy is the least possible use on resources in the process of public service delivery.
2. Efficiency is a condition that indicates to an achievement for the best comparison between input and output in the delivery of public services.
3. Effectiveness is the achievement of defined goals, whether in the form of targets, long-term goals or mission of the organization.
4. Equity or justice is a public service that is organized with attention to aspects of evenness.

METHODOLOGY

This research was conducted on the government of Fak-Fak Regency West Papua Province. Based on the Ministry of Home Affairs report on the implementation of Local Government governments on the report of local government in 2013, Fak-Fak District Government is still in a medium status. The status indicates that the District Government of Fak-Fak is still unable to organize the government well. The population of this research is the institutions and offices in Fak-Fak District of West Papua Province which are 30 organizations. All respondents are the heads of agencies / agencies of 30 organizations so that this study is a census study. The data collected in the research is sourced from primary data and secondary data.

RESULTS

Effects of Human Capital on Organizational Performance

Human capital is basically an entire investment to increase the knowledge and skills of individuals to support the achievement on organizational goals. The results showed that human capital owned by the government of Fak-Fak Regency has no influence on organizational performance. Human capital measured in this study consists of: employee competence, employee motivation, employee education development, organizational climate, and leadership. The human capital of Fak-Fak regency government gets the average of respondent answer is 3,93, it shows that human capital owned by Fak-Fak regency government still not good especially for employee competency level and development of employee education.

Human capital that is not considered to provide full support that the development of employee education and employee competence. Employee education development indicators get the average 3.54 with the loading factor of 0.782 and employee competence average number 3.77 with loading factor 0.706. This shows that indicators of employee education and employee competency development have not yet played a role in shaping human capital. Indicators on educational development of employees still have a very disagree and not agree on 11.67% and for employee competence of 4.45%. So, the answer is strongly disagree and disagree big enough, this is causing human capital has not been able to impact on organizational performance.

In this study human capital is still not able to have influence directly for produce organizational performance, in the form of employee competence, employee motivation, employee education development, organizational climate, and leadership. Organizational climate in the form of mutual support in work that some organizations provide support to members. Employee education development through education and adequate training has an important role to play in improving organizational performance.

Capital Structure As A Mediation Of Human Capital To The Organizational Performance

Human capital is the knowledge and individual nature to run a job, human capital owned by the organization to provide support and influence on the organization to support some activities undertaken organization to achieve goals. Structural capital is an organizational ability to provide support, to employees, to reflect on their knowledge, abilities, skills through brain wares or heart devices to achieve optimal performance.

The results showed that human capital owned by the government of Fak-Fak Regency has an important role to the capital structure. Human capital is able to give effect to the employee to work by referring to mechanism and structure owned by organization. Human capital, especially leadership to get an average number of answers amounted to 4.17, that existing leadership at the government District Fak-Fak has an important role in shaping human capital. In addition, human capital is supported by a good organizational climate, it can be seen from the acquisition of the loading factor number of 0.782 is the highest compared with other indicators. This suggests that organizational climate has a dominant role in human capital. Leadership and organizational climate can provide support to employees to increase the capital structure in the form of knowledge, skills of employees.

The results of this study provide that the theoretical support of intellectual capital. Roos et al. (2006), said that intellectual capital is all non-monetary and non-physical resources are wholly or partly controlled by the organization and that contribute to the creation of organizational value. The statement indicates that intellectual capital owned by the organization can produce organizational performance. Alwert et al. (2004), argues that intellectual capital is a process of knowledge consisting of human capital, structural capital, relational capital, and other interacting capital to create success in business. Based on the theory of intellectual capital proposed by Roos et al. (2006) and Alwert et al. (2004), indicating that the interaction between human capital, structural capital, relational capital, and other capital can produce performance for the organization.

Relational Capital As Mediation Effect Of Human Capital To Organization Performance

The results of this study indicate that there is influence of human capital on relational capital. Human capital is the knowledge and skills of employees generated through competence, attitudes, and intellectual. Basically, human capital is the result of human resource management undertaken by the organization. The management of human resources by the organization more better than the human capital owned by the organization. In this study, human capital is the most important role for organizational climate, where employees always support each other in carrying out the work. In addition, the existing SKPD organization in the government of Fak-Fak Regency provides a great support to employees in carrying out the work. This organizational climate that makes employees feel as a good experience to gain knowledge and skills in doing the job.

The results of this study provide a theoretical contribution, such as strengthening the theory of intellectual capital proposed by Brooking (1996) and Ricceri (2008) that there is a reciprocal relationship between human capital, structural capital, and relational capital. In this study, human capital gives a positive influence on relational capital. The results of this study strengthen the theory of intellectual capital that there is a mutual relationship between human capital with relational capital.

Relational capital based on the respondent's answer to get the average number of 3.91, the acquisition of the number is not enough to give effect for the performance organization. This can be seen from the still existence of respondents who give very disagree and disagree that 2.56%. A very disagreeable and disagreeable response indicates that relational capital is still not fully to build relationships with indigenous peoples and DPRDs, as well as inter-agency relationships that have not been fully

implemented. The relational capital is not yet optimally for the relationship between the government and the DPRD. The function of DPRD in general is the function of legislation, supervision and budget, the relationship that is not yet optimal has the potential to hinder the implementation of development programs, so that less able to produce high organizational performance.

Based on the results, the influence of human capital on relational capital, and the influence of relational capital on organizational performance shows that relational capital is not a mediation influence of human capital on organizational performance. This result gives an indication that relational capital still not enough able to improve organizational performance, this matter can be seen from result of analysis that relational capital owned by government of Fak-Fak Regency has not impact on improvement of organization performance. Relational capital that plays a role is relational capital in the form of follow-up complaints of society, such as the form of programs that touch directly effect on the community and respond quickly respond to public complaints. The follow-up form of community grievance conducted by the SKPD of Fak-Fak Regency Government has no impact on organizational performance, especially organizational performance in the form of efficiency.

Capital Process As Mediation Effect To Human Capital on Organization Performance

The results showed that human capital owned by the government of Fak-Fak Regency has an impact on process capital. The results of this study provide that human capital has a role in supporting to the creation of human resources, who have some knowledge, skills, and experience in carrying out the work. In this study, human capital has a role to the organizational climate. Fak-Fak District Government provides that support to employees in carrying out the work. In addition, there is support among employees in running the work. Support from the organization between employees is a meaningful experience for employees to improve their knowledge and skills in doing the work.

The results of this study support the research of St-Pierre and Audet (2011) on the invisible capital and performance of manufacturing companies. St-Pierre and Audet (2011) said that the relationship between human capital, the capital of innovation, process capital, relational capital, and organizational performance have the results about human capital affects to the capital of innovation and process capital. The concepts of human capital are used include non-production staff, knowledge capital, performance rewards, internal consultants, training, information-sharing strategies, technical competence, and educational background. The concept of human capital is able to give a positive influence on process capital. In this study, human capital is used include for employee competence, employee motivation, employee education development, organizational climate, and leadership. The different concepts of human capital does not yield different results.

The most important indicator in shaping process capital is the employee appraisal system. Employee appraisal system conducted by the government of Fak-Fak Regency get an average of 3.92. Although the average number has not reached 4, but the employee appraisal system can play a role in shaping process capital which further affects the performance of the organization. Employee appraisal system is indicated by regular employee appraisal, and employee appraisal is based on the work of each employee. Employee appraisal system conducted by the government of Fak-Fak Regency still needs to be improved in order to give a sense of justice for the employees. The existence of a sense of justice employees can provide support in an effort to perform the good job and further improve the organization performance.

Capital Organization As Mediation Effect Of Human Capital To Organizational Performance

Organizational capital is an organizational operational system performed systematically to support the organization in achieving the objectives. In this study, the organizational capital are includes the government programs in accordance with community needs, development planning based on proposals from the community, employee involvement in decision making, use of information technology in the work, has a data base. The most important human capital is the organizational climate, the existence of a good organizational climate, then the existing organizational capital in the government of Fak-Fak Regency can be achieved, especially having a data base.

Research supports previous research conducted by Cohen and Kaimenakis (2007) said that human capital correlates to organizational capital. Research Cohen and Kaimenakis (2007), examines that the relationship between intellectual capital and organizational capital in business organizations. The study looks at the correlation of intellectual capital which consists of 3 components, such as human capital, organizational capital, and customer capital.

Organizational capital based on respondents' answers get 3.76, which indicates to the lack of good organizational capital owned by the government of Fak-Fak Regency. In addition, there is a very disapproving and disagreeable answer of 5%, the assessment shows that it is still not optimal organizational capital owned by the government of Fak-Fak Regency. Organizational capital is considered less is a development plan based on community proposals with the acquisition of number 3.62.

Capital of Innovation as Mediasi Influence To Human Capital to Organization Performance

The results of this study provide that theoretical support with respect to intellectual capital. According to Marr (2007) and Ricceri (2008), intellectual capital is the linkage between human capital, structural capital, relational capital, and organizational capital. Wang and Chang (2005) develop on separate structural capital into process capital and innovation capital. Based on the opinion of Marr (2007), Ricceri (2008), and Wang and Chang (2005), intellectual capital can be developed into 6 components, such as human capital, structural capital, relational capital, process capital, organizational capital, and innovation capital. The results reinforce to the development on intellectual capital theory that human capital is related to the capital of innovation.

The most innovative capital by the Fak-Fak Regency government is novelty for the handling on the project, with an average rate of 3.94. The innovation capital is shown by SKPD constantly updating existing working system and SKPD can accept ideas from

other parties to improve the execution of work or duty.

CONCLUSION

Human capital is the knowledge and skills processed by Fak-Fak Regency government to adjust the government and development. The most important for human capital is the organizational climate, such as the mutual support from government officials of Fak-Fak Regency, and the support of SKPD to the employees in carrying out the work. Capital structure is able to mediate the relationship between human capital on organizational performance. Basically, capital structure is a resource infrastructure owned by the organization to support the government of Fak-Fak Regency in carrying out the work. The most important structural capital in this research is the administrative process.

Relational capital is all relationships both inside and outside the organization built to maintain and develop the relationship to support the activities of the government in Fak-Fak Regency that running the government and development.

Capital process owned by the government of Fak-Fak Regency is able to mediate the relationship of human capital to organizational performance. The capital of the process owned by the government of Fak-Fak Regency is the most important for the employee appraisal system, the current assessment system can improve organizational performance. Capital organization owned by the government of Fak-Fak Regency has been able not to mediate the relationship between human capital on organizational performance. Organizational capital in the form of the ability for the government of Fak-Fak Regency to manage the organization is still not sufficient to provide support to employees on produce the organizational performance. The capital of innovation is the intellectual property and the intangible assets owned by the Fak-Fak Regency government for reform in government and development. The capital of innovation owned by Fak-Fak regency government is not able to mediate the relationship between human capital on organizational performance.

The performance of the government organization in Fak-Fak Regency is the most important is efficiency. This is indicated by the existence of SKPD spending budget owned in accordance with the standard price set.

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